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Review paper

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MODULAR SYSTEMS - INTELLECTUAL PROPERTY RIGHTS AND LEGO BRICKS

ABSTRACT

This article uses the example of Lego bricks to show how companies combine individual intellectual property rights in order to achieve the best possible protection for their intellectual property. Lego uses the individual intellectual property rights like individual bricks in a building block system: Ever since the patent protection for Lego bricks has expired, the company tries to have the building block further protected via other intellectual property rights. Lego and its competitors take this approach even a step further while they seek protection for their products and against one another from the courts competent for intellectual property rights at EU level. This highlights the seemingly strong trust that not only Lego places in intellectual property law, its effectiveness and the associated EU case law. The main questions of this article are: Can it be deduced from these aforementioned observations that intellectual property law takes economic contexts into account to a particularly high degree and can it be further deduced that the application of intellectual property law results in effective and profitable solutions for economic practice, both at national and EU level? To answer this question, three court decisions concerning Lego bricks will be considered: 1) Court of Justice, 14 September 2010, C-48/09 P¹ (EU trademark); 2) General Court, 6. December 2023, T-298/22² (three-dimensional EU trademark); 3) General Court, 24 January 2024, T-537/22³ (design protection).

Keywords: Intellectual property law, EU trademark, EU design protection, Extension of protection period, European jurisdiction

1. INTRODUCTION

Companies use the instruments of intellectual property law to protect their products and thus their corporate values. According to a study published on 11

¹ ECLI:EU:C:2010:516.

² ECLI:EU:T:2023:781.

³ ECLI:EU:T:2024:22.

October 2022 jointly by the European Patent Office (hereinafter: EPO) and the European Union Intellectual Property Office (hereinafter: EUIPO), industries that make intensive use of intellectual property rights created around 29.7%⁴ of all jobs in the EU between 2017 and 2019⁵, a fact which shows the economic importance of intellectual property.

Often people talk about the challenges caused by the Europeanisation of national law: this article aims to show the extent to which standardisation has already been achieved concerning the protection of intellectual property and the extent to which EU law has already been harmonised on EU-level⁶. This article will use selected case law and rulings of the Court of Justice and the General Court to show the challenges and solutions that the Europeanisation and harmonisation of national law currently offers to solve three problems. These problems can be demonstrated best by the following example: The Danish company Lego is one of the best-known manufacturers of building blocks (modular system). There are three main legal problem areas this company has to face when it seeks protection for its clamping bricks:

1. How does EU law deal with attempts by companies to extend the protection of intellectual property rights after the expiry of the term of protection? In this context the following conflict of interests must be resolved: On the one hand, the protection of intellectual property rights must be strong enough and offer long enough protection to be attractive. On the other hand, however, the protection must not be so strong that the economy, innovation or individual design would be too severely restricted or even prevented. The Court of Justice's decision of 14 September 2010, C-48/09 P7 (EU trademark) and General Court's decision of 6 December 2023, T-298/228 (three-dimensional EU trademark) are considered in this regard.⁹
2. Lego applied for a patent for its clamping brick in 1958. Accordingly, the term of protection has now expired. However, Lego would like to maintain/extend the protection under intellectual property law for his

⁴ https://link.epo.org/web/ipr-intensive_industries_and_economic_performance_in_the_EU_2022_en.pdf, p.66, 26 April, 2024.

⁵ <https://www.epo.org/de/news-events/news/geistige-eigentumsrechte-schaffen-82-millionen-arbeitsplaetze-der-eu>, 26 April, 2024.

⁶ For a legal comparison between Hungarian and EU court decisions see: Kováts, B., *Can the shape of the Lego brick enjoy trademark protection? A comparison of the judgments of the Hungarian courts and of the Court of Justice of the European Union regarding the invalidity of the Lego brick trademark*, GRUR Int. 2019, p. 113.

⁷ ECLI:EU:C:2010:516.

⁸ ECLI:EU:T:2023:781.

⁹ ECLI:EU:C:2010:516 and ECLI:EU:T:2023:781.

products as long as possible.¹⁰ This article will show the strategies Lego applies to achieve this goal. Thereby it will look on a judgement, in which the General Court reached a verdict in favour of Lego.¹¹

3. Furthermore, the company's communication with its retailers and customers is also determined by the legal principles of intellectual property rights. The term Lego brick is in danger of developing into a generic term in the German-speaking world, which might mean that this term cannot be protected by intellectual property rights. In the interest of the company, Lego is endeavouring to prevent this development.

These three aspects show that at least Lego as a company places its trust in intellectual property law and the associated EU case law, because it seeks protection for its products in the law and in the courts, but also protection against competitors. The legal situation described in the following points follows the currently applicable law. As the history of the Lego brick begins with the first products sold in 1949 the former legal situation still is on some points mentioned, but in these cases the currently applicable law is cited as well.

2. FIRST BASIC BRICK: NATIONAL PATENT LAW AS PROTECTION FOR LEGO'S CLAMPING BRICKS

The Danish manufacturer Lego seeks to protect its products in the best way possible by intellectual property rights. We take a look at how this company from the beginning used the instruments of intellectual property to protect their products, goods or, to put it more abstractly, their corporate values.

2.1. Early protection in the time after the invention of clamping bricks

After the invention of the Lego brick the company secured protection for this product through patent law. As the European Patent Convention came into force in 1973, the company's only option in the time directly after the invention of the clamping brick was to seek protection through national patent law¹² – in Denmark it secured the patent on 28 January 1958 and in Germany on 4 April

¹⁰ Rahmatian, A., *Was ist an LEGO® eigentlich noch schützbar? Ein tour d'horizon durch das Immaterialgüterrecht*, MR-Int 2/2021, p. 52.

¹¹ ECLI:EU:T:2024:22.

¹² <https://www.epo.org/en/legal/epc>, 2 April, 2024.

1958.¹³ But the national patent protection¹⁴ alone was not sufficient to deal with all legal questions concerning the Lego brick when it came to the creativity of Lego's competitors. Lego's patent for the clamping brick was not undisputed for instance in Germany,¹⁵ as a competing Danish company tried to circumvent Lego's patent protection on the German market via the diversions of competition law.¹⁶ The starting point for the court proceedings that led to the judgement of the highest German Court for Civil Law, Federal Court of Justice (Bundesgerichtshof, hereinafter: BGH), on 6 November 1963¹⁷ was that Lego had succeeded in placing a completely new product in the German market for children's toys and now competitors tried to reclaim their share of the market by producing bricks compatible to the Lego brick. The conflict of interest centred on the question whether it followed from Lego's position in the market as a market developer that its product should enjoy an enhanced legal protection against compatible products from competing companies. The court decided that Lego enjoyed protection against the imitation of its products according to competition law. To reach this judgement the court focused on the specific moulding of the Lego brick and differentiated between such features of the brick that could be qualified as simply aesthetic and those that could be qualified as being dictated by the product's technical functionality. Features of a product that are caused exclusively by its technical functionality are not protected by the law, because regardless of the legal protection of the product it must be legally permissible to manufacture spare parts.¹⁸ In the above-mentioned case, the clamping bricks and the imitation products were primarily characterised by their functional design. In order to ensure the uniformity of the national legal system and to take Lego's patent for the clamping bricks into account within the

¹³ Bundesverband Deutscher Patentanwälte, *60 Jahre Lego – vom bunten Steckbaustein zum Roboter*: <https://www.bundesverband-patentanwaelte.de/patente/60-jahre-lego-vom-bunten-steckbaustein-zum-roboter/>, 2 April, 2024.

¹⁴ See for further information on the former legal situation: Nikolai, T., *Erstanmelder- oder Ersterfinderprinzip: eine vergleichende Untersuchung des deutschen und amerikanischen Patentrechts*, GRUR INT 1973, p. 169.

¹⁵ Harder, H. L. v., *Dem Markterschließer ein Monopol? - Bemerkungen zu den BGH-Urteilen Klemmbausteine und Buntstreifensatin*, GRUR 1969, p. 660.

¹⁶ For further information on competition law in this context please see: Riesenhuber, K., *Lego - Stein des Anstoßes*, WRP 2005, p. 1118; Ohly, A., *Designschutz im Spannungsfeld von Geschmacksmuster-, Kennzeichen- und Lauterkeitsrecht*, GRUR 2007, p. 736; Krüger, C., *Zur Klemmbausteine-Doktrin nach BGH Regalsystem und Einkaufswagen III*, GRUR 2016, p. 665; Schacht, H., *Wettbewerbsrechtlicher Leistungsschutz für technische Merkmale – Rettungsboot oder Havarist?*, GRUR 2017, p. 1204.

¹⁷ BGH, judgement of 6 November 1963, *Ib ZR 37/62 – Klemmbausteine*, GRUR 1964, p. 621-627 (with judgement on p. 621-625 and note on judgement by Ludwig Heydt on p. 625-627).

¹⁸ BGH, judgement of 6 November 1963, *Ib ZR 37/62 – Klemmbausteine*, GRUR 1964, p. 624; Harder, H. L. v., *Dem Markterschließer ein Monopol? - Bemerkungen zu den BGH-Urteilen Klemmbausteine und Buntstreifensatin*, GRUR 1969, p. 660.

framework of this uniformity, the court had to develop an argument with which Lego could also be protected from imitation products through competition law. The court argued that the imitator was exploiting Lego's building principle of the supplementary bricks to launch its products on the market, an unethical competitive practice. Therefore, the imitation of the Lego bricks by the competitor was deemed to be unethical and thus legally inadmissible.¹⁹

2.2. Term of the patent

Under the European Patent Convention²⁰ as well as under Patentgesetz²¹, patent protection ends after 20 years in accordance with Art. 63 EPC and Sec. 16 PatG. The term of protection begins on the day of the filing of the application for the invention²². After the Lego's patent for its clamping brick had reached the maximum period of patent protection according to national and EU-law, the protection ended and the Lego brick belonged to the state of art. But Lego's need for legal protection for its clamping bricks had not yet come to an end. The company had to look for new ways to protect its products from competitors and so trade mark law came into focus.

3. SECOND BRICK: TRADE MARK

After the expiry of the patent protection, Lego therefore intended to protect its product under trade mark law.

¹⁹ BGH, *judgement of 6 November 1963, Ib ZR 37/62 – Klemmbausteine*, GRUR 1964, p. 624ff; for the current discussion of this question see: Schacht, H., *Wettbewerbsrechtlicher Leistungsschutz für technische Merkmale – Rettungsboot oder Havarist?*, GRUR 2017, p. 1204.

²⁰ European Patent Convention, 5 October 1973 (Act of 21 June 1976, Federal Law Gazette 1976 II p. 649, 826, 915), in force in Germany since 7 October 1977 (Federal Law Gazette 1977 II S. 792); Revision Act of 29 November 2000 (Act of 24 August 2007, Federal Law Gazette 2007 II p. 1082, 1083, 1129), hereinafter: EPC.

²¹ Patentgesetz, 25 May 1877 (RGL. S. 501), revised by announcement of 16 December 1980 (Federal Law Gazette 1981 I p. 1); last amended by Article 1 of the Act of 30 August 2021 (Federal Law Gazette I p. 4074), hereinafter: PatG.

²² Cimniak, T., Einsele, R. *et alia*, PatG: *Erster Abschnitt: Das Patent und EPÜ: Dritter Teil: Die europäische Patentanmeldung – Artikel 75-89*, Fitzner, U. *et al.*, BeckOK *Patentrecht*, Munich 2024, 31th Edition, Status: 15.01.2024.

3.1. Protection of Lego bricks under EU and German trade mark regulation

Accordingly, Lego sought to register the Lego brick as a three-dimensional trade mark²³ within the meaning of the EU Regulation in force at the time and within the applicable German law of the time.²⁴ Today, the Community trade mark is codified in Regulation (EU) 2017/1001.²⁵ The relevant provisions of Regulation EC/207/2009 belonging to the relevant court decisions and the provisions of Regulation 2017/1001 currently in force are listed below. Although the harmonization of the national laws under EU law has made further progress this example shows how far the Regulation EC/207/2009 and the German Markengesetz²⁶ from 1994 were already in concordance. This is the reason why Lego's efforts to receive protection for the clamping brick failed on both levels – as it still would fail now under current law. Lego was and is confronted with the following legal situation:

At EU level, only the formal registration procedure is provided for the Community trade mark, according to which trade mark protection arises through registration of the sign in the register of the Community trade mark (Art. 6 Regulation 2017/1001). The application procedure for the European Union trade mark is governed by Art. 30 *et seq.* of Regulation 2017/1001.

Under Community and German trade mark law the EUIPO and the DPMA examine if the application fulfils formal and substantive legal requirements. Under German law, a formal examination (Sec. 36 MarkenG) and an examination for absolute grounds for refusal (Sec. 37 MarkenG) are carried out in the application procedure. However, only an obviousness test is carried out for cases of the risk of being misleading or bad faith. There is no examination of relative grounds for refusal *ex officio*, with the exception of the provisions of Sec. 10 MarkenG. In EU proceedings, the requirements of Art. 31 (3) and Art. 32 Regulation 2017/1001 as well as the payment of class fees within the period provided for this purpose are examined in accordance with Art. 41 Regulation

²³ Nordemann-Schiffel, A., § 4 *Entstehung des Markenschutzes*, Nordemann, A.; Nordemann-Schiffel, A., *Markengesetz*, Munich 2023, Margin nos. 10-17; Pohlmann, A., *Das Recht der Unionsmarke*, Munich 2018, chapter 2.

²⁴ Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ L 78, 24.3.2009, p. 1–42, L 112/10, L 112/21, L 341/21, Community Trade Mark Regulation (CTMR), hereinafter: Regulation EC/207/2009.

²⁵ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ L 154, 16.6.2017, p. 1–99, L 2023/2411 hereinafter: Regulation (EU) 2017/1001.

²⁶ Gesetz über den Schutz von Marken und sonstigen Kennzeichen, Act of 25 October 1994 (Federal Law Gazette I S. 3082), last amended by Act of 8 October 2023 (Federal Law Gazette I S. 272), hereinafter: MarkenG.

2017/1001. Furthermore, an examination is carried out to determine whether the sign described in the application infringes absolute grounds for refusal (Art. 42 Regulation 2017/1001). If the application is not rejected, registration and publication will take place (Art. 46 and Art. 51 Regulation 2017/1001, Sec. 42 MarkenG).

As part of the three-dimensional trade mark, the shape of goods can also be protected as a sign (Art. 4 Regulation 2017/1001, Sec. 3 (1) MarkenG). At the same time, it is not possible to register a sign that consists exclusively of the shape of the goods, which is necessary to achieve a technical effect as a trade mark (Art. 7 Regulation 2017/1001; Sec. 3 (2) No. 2 MarkenG), as this is deemed by the law to be an absolute ground for refusal. Lego was equally unsuccessful before the BGH²⁷ and the Court of Justice²⁸ to argue that Sec. 3 (2) No. 2 MarkenG respectively Art. 7 Regulation 2017/1001 did not apply to its clamping brick. The BGH based its argumentation on the fact that the question of registration of the toy brick as a trade mark should be determined exclusively on the clamping knobs on the top of Lego's brick. The cuboid shape of the brick should not be taken into account for trade mark protection as it was and still is the basic shape of the product. In the eyes of the court, the knobs on the top of the brick have only a technical function and cannot be protected under Section 3 (2) No. 1 MarkenG. The knobs and the shape of the inside of the toy brick were and still are seen as part of the Lego clamping system. Therefore, the Lego brick had in the opinion of the court no features that were not technically necessary for its functionality. As technical components of the brick must be kept free in the interests of competitors, the BGH ruled it to be necessary to keep the brick free from trade mark protection.

In its judgement of 14 September 2010 (C-48/09 P), the Court of Justice drew the same conclusions and ruled that the clamping brick cannot be registered as a three-dimensional trade mark²⁹, as the trade mark consists exclusively of the shape of the goods, which is necessary to achieve a technical effect. This constitutes an absolute ground for refusal within the meaning of Art. 42, Art. 7 (1) lit. e No. 2 Regulation 2017/1001.

These court decisions were welcomed by legal professionals, as the therein offered solution was considered to be the best solution in the system of

²⁷ BGH, decision of 16. July 2009 (I ZB 53/07), GRUR 2010, p. 231-234; Schöne, V., *Legosteine ist nicht markenfähig – Anmerkung zu BGH, Beschluss vom 16.07.2009 – I ZB 53/07 – Legosteine*, GRUR-Prax 2010, p. 84.

²⁸ Court of Justice, 14 September 2010, C-48/09 P; ECLI:EU:C:2010:516.

²⁹ See also: Schabenberger, A., *Ein Legosteine kann keine Marke sein*, GRUR-Prax 2010, p. 431.

intellectual property rights. The successive accumulation of property rights in the specific way that was sought after by Lego is not considered desirable. The rule that patented inventions become public domain when the patent expires should not be altered, because the protection mechanisms of patent law would be undermined if trade mark protection would make it possible to obtain permanent protection for functional three-dimensional designs that are either not patentable or whose patent protection has already expired³⁰. This was certainly not the outcome Lego had hoped for, but it was not the only legal problem Lego had to deal with at the moment of the above-described judgements.

Up until this point, the afore-mentioned legal difficulties of Lego concerned the question if some specific products were protectable by intellectual property law. This was answered in the negative. Now Lego faced another problem: although some other products of Lego had successfully be registered as trade mark, a new legal issue arouse, which consisted of a very concrete danger that this trade mark protection might be revoked by the courts.

3.2. Reason for decline: is the term Lego brick a generic term?

Before the further developments are given, it is necessary to look on Lego's situation in the European market on a broader level to understand the importance of the later given court rulings. Lego's renewed efforts to obtain protection through intellectual property law for its clamping brick after the above-described set-back can only be fully understood if another danger for Lego's corporate values at that time is taken into account. Irrespective of the non-protectability of the standard clamping brick under trade mark law, the company name Lego is legally effective protected as a word mark.³¹ The effort to protect a company's product from imitation alone is not enough to secure the company's position in the market. It is necessary to protect additionally the trade mark sign itself. Therefore, in the following example, which concerns the sale of Lego's products in Germany but which is conceivable in other countries as well, it is shown that Lego successfully prevented that the word mark Lego developed into a generic term.

³⁰ Jaeschke, *Die Produktform als Corporate Identity?*, GRUR 2008, p. 755.

³¹ The legal need for protection discussed here is also an issue in other areas of law: Stiepe, Malte, *Urheber- und wettbewerbsrechtlicher Schutz von Werbefiguren (Teil 1 und 2)*, GRUR 2017, p. 652; 765.

A trade mark has several functions, but one of the most important functions is the function of origin:³² the relationship between product and manufacturer is to be protected by distinguishing products from different manufacturers and making it clear which goods are produced by which manufacturer. In practice, there is a real danger that the Lego brick has become just as name-giving for clamping bricks as Tempo handkerchiefs are for paper handkerchiefs in German. As the bricks - just like paper handkerchiefs - are not only produced by Lego or Tempo, other manufacturers might profit from the companies reputations if their products are labelled not by their true manufactures names but by the market leading companies names. This has led Lego into conflict with toy retailers. Retailers with analogue shops advertise their products on the YouTube platform - this also applies to shop owners who sell Lego products³³. Youtubers present building sets of clamping bricks in their videos, with one of them - the Youtuber "Held der Steine" ("Hero of bricks")³⁴ - being particularly successful in attracting attention and customers. In this videos very often clamping bricks not manufactured by Lego were nevertheless labelled "Lego". In principle, one could assume that it speaks in favour of the quality and success of the product if its trade mark sign becomes so popular that it is on everyone's lips and even displaces the manufacturer labels of other producers on the market for the same goods. But in this case, it presented Lego with a major legal challenge: the manufacturer must prevent its manufacturer's name from being used for all toy bricks in modular systems, as otherwise Lego would become a generic term. Once a trade mark has become a generic term, it is used by the consumer for all similar products on the market, regardless of who the actual manufacturer is. This means that, among other things, the origin function of the trade mark is no longer guaranteed. Generic terms must also remain free so that they can be used by anyone. For this reason, the development of a trade mark sign into a generic term stands in the way of trade mark protection (Art. 7 (1) lit. d Regulation 2017/1001; Sec. 8 (2) No. 3 MarkenG). If the sign that is to be registered as a trade mark is already generic when the application for registration is filed, this constitutes a ground for invalidity that could be asserted in invalidity proceedings pursuant to Sec. 53 (1) in conjunction with Sec. 50 MarkenG or on EU-Level pursuant to Art. 59 (1) lit. a, (2) Regulation 2017/1001. However, it is also possible for a designation that was initially registered as a trade mark to become a generic term after its registration. The development or conversion of a

³² Jaeschke, L., *Die Produktform als Corporate Identity? – Klemmbausteine und die Frage der Kumulation von Schutzrechten*, GRUR 2008, p. 750.

³³ Glöckner, J.; Kur, A., *Geschäftliche Handlungen im Internet*, GRUR-Beilage 2014, p. 40; 42.

³⁴ Dornis, V., *Krieg der Steine*, Süddeutsche Zeitung of 3 February 2021, <https://www.sueddeutsche.de/digital/lego-held-der-steine-streit-markenrecht-1.5194969>, 2 April, 2024.

registered trade mark into a generic designation constitutes grounds for revocation of the trade mark pursuant to Sec. 49 (2) No. 1 MarkenG or on EU-Level pursuant to Art. 58 (1) lit. b Regulation 2017/1001, which can lead to the trade mark being cancelled from the register of the DPMA if the legal requirements are met. The DPMA can only examine whether there are grounds for revocation of the trade mark upon written request in the context of revocation proceedings pursuant to Sec. 53 (1) in conjunction with Sec. 49 (2) No. 1 MarkenG, Art. 63ff. Regulation 2017/1001. The application for revocation can be directed at the complete cancellation of the trademark for all goods and services for which the trademark is registered or at the partial cancellation of the trademark. The opinion of the relevant public at the time of the decision on the revocation application is decisive for the assessment. Members of the relevant public are the consumers and end users of the goods and services for which the trade mark is registered, as well as, as a rule, the manufacturers, retailers, intermediaries or suppliers and providers of these goods and services. It can only be affirmed that the trade mark has become a common name if almost all of the relevant public perceive the trade mark as a generic name. According to case law, "almost all" means that only a completely insignificant proportion of the relevant public may still see an indication of origin in the trade mark.³⁵ The requirements for the assumption of a generic term are high in order to give trade mark owners a fair chance to disprove the assumption.³⁶ As Art. 58 (1) lit. b Regulation 2017/1001 states that a revocation can take place when in consequence of acts or of the inactivity of the proprietor, the trade mark has become the common name in the trade for a product or service in respect of which it is registered, a company like Lego cannot be too careful in view of the importance of the trademark as soon as it suspects that its trade mark sign might develop in a generic term. This is the reason why Lego took swift and harsh efforts to protect its trade mark by cease and desist-letters against some retailers concerning their activities on YouTube.³⁷ By these actions Lego successfully prevented the use of the words "Lego bricks" as a term labelling all clamping bricks and thereby it prevented the development of those words from a trade mark sign to a generic term. Nevertheless, Lego's efforts to obtain and maintain intellectual property rights led to counter-reactions of its competitors, which caused a series of General Court judgements concerning Lego's registered trademarks. But in these

³⁵ Schork, D., *MarkenG § 8 Absolute Schutzhindernisse*, Nordemann, A.; Nordemann-Schiffel, A., *Markengesetz*, Munich 2023, Marg. No. 252, 252a.

³⁶ Fezer, K.-H., Fesenmair, J., *MarkenG § 8 Absolute Schutzhindernisse*, Fezer, K.-H., *Markenrecht*, Munich 2023, 5th Edition, Marg. No. 426, 428ff., 434.

³⁷ Dornis, V., *Krieg der Steine*, *Süddeutsche Zeitung* of 3 February 2021, <https://www.sueddeutsche.de/digital/lego-held-der-steine-streit-markenrecht-1.5194969>, 2 April, 2024.

cases, Lego's preparatory efforts in defending its trade mark protection for specific products were successful.

3.3. General Court's rulings on already registered three-dimensional trade marks for Lego bricks

The three following judgements of the General Court all concern the claim request directed to the declaration of invalidity of the European Union trade mark registered on 23 June 2000 for Lego's toy-figures under number 50518. In all three decisions of the General Court the initial decision of the EUIPO to grant Lego's human-like toy figures trademark-protection was attacked by competitors of Lego – Lego only joined these court proceedings as an intervener. In contrast to the above-mentioned court decision denying the Lego's standard brick trade mark protection, the General Court ruled in its first two decisions T-395/14³⁸ und T-396/14³⁹ of 16 June 2015 that Lego's human-like toy-figures have characteristic human shapes and human faces as well as human expressions which are not determined by technical functions. Therefore, they were deemed protectable as a three-dimensional trade mark according to Art. 7 (1) lit. e No. 1 Regulation 40/94 (currently: Art. 7 (1) lit. e No. 2 Regulation 2017/1001).⁴⁰ In the third proceedings at the General Court concerning the trade mark registered under number 50518, the General Court made it clear in its decision T-298/22⁴¹ that Lego's little toy figure had to be evaluated not only as toy figure but also as clamping brick. Subsequently in the judgement not only the most important decorative and imaginative features of the figure in question (i.e. its human inspired shape and facial expressions) but also the technical components that made it a part in Lego's modular building block system had to be taken into consideration (i.e. the shape of hands and feet of the figure). The EUIPO had not considered these two aspects in the initial registration proceedings⁴². The General Court came to the conclusion that classification of the toy figure not only as toy but also as clamping brick with decorative and technical features did not necessarily hinder its protectability as three-dimensional trade mark. The applicant in invalidity proceedings like T-298/22 has the burden of proof. In the opinion of the General Court in case T-298/22, the applicant did not rebut the

³⁸ ECLI:EU:T:2015:380.

³⁹ ECLI:EU:T:2015:379.

⁴⁰ Elkemann, C., *Anm. zu EuG: Keine absoluten Schutzhindernisse für Klemmbausteinspielzeugfigur: Entscheidungsbesprechung zum Urteil v. 06.12.2023 - T-298/22*, GRUR-Prax (4) 2024, p. 95.

⁴¹ ECLI:EU:T:2023:781.

⁴² EUIPO, *Zurückweisung des Löschantrags für die 3D-Marke der Lego-Minifigur - Entscheidung vom 16.03.2022 - R 1354/2021-5*, GRUR-RS 2022, p. 5634, Margin nos. 68 et sequ.

finding that at least one of the essential characteristics of Lego's product in question is not inherent in the typical function of a toy figure or that of a brick figure.⁴³ Therefore, Lego's efforts to protect some of its clamping bricks that feature special mouldings, led to success at this point.

4. THIRD BRICK: PROTECTION UNDER DESIGN LAW

But Lego had still to deal with the question, how it might be possible to protect its standard-shaped clamping brick through intellectual property law. After the clamping block was refused protection as a three-dimensional trade mark, the company had to look into other ways of obtaining protection for the building blocks.

4.1. EU and German design law

In 2014, the *Geschmacksmustergesetz* was renamed the *Designgesetz*.⁴⁴ This law continues to protect aesthetic products, provided they possess novelty and individuality. In addition to the national protection to be applied for, design protection can also be applied for throughout the EU⁴⁵: the EU intellectual property right corresponding to the German Design Act is the Community design⁴⁶, regulated in the Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs.⁴⁷

On the one hand, Lego could have thought of the utility model to protect its product. This might have been an obvious solution because the utility model is also referred to as the smaller version of the closely related patent. However, the maximum term of protection for the utility model is 10 years, so that a solution for a longer time span was sought after. In contrast to the utility model, the design is protected for 25 years, which in direct comparison is the more

⁴³ ECLI:EU:T:2023:781, Margin nos. 70, 75, 91, 121, 138 and 169.

⁴⁴ Gesetz über den rechtlichen Schutz von Design, Act of 12 March 2004 (Federal Law Gazette S. 390), in the version published on 24 February 2014 (Federal Law Gazette I S. 122), last amended by Act of 10 August 2021 (Federal Law Gazette I S. 3490), hereinafter: DesignG.

⁴⁵ For further information on early harmonisation see: Ohly, A., *Designschutz im Spannungsfeld von Geschmacksmuster-, Kennzeichen- und Lauterkeitsrecht*, GRUR 2007, p. 736; 739.

⁴⁶ See further: Ohly, A., *Die Europäisierung des Designrechts*, ZEUP 2004, p. 298ff.

⁴⁷ Community design regulation, OJ L 3, 5.1.2002, p. 1–24, L 112, 10, L 157, 203, L 236, 33, L 389, 14, hereinafter: CDR.

favourable option for companies. Therefore, the question of whether the building bricks could be protected as a design will now be considered.

Like patent law, German design law is a purely formal law: an application must be filed with the DPMA (see Sec. 11 DesignG for the necessary content of the application), and protection arises upon entry in the register (Art. 12 CDR, Sec. 27 (1) DesignG). The design (Art. 3 CDR, Sec. 1 DesignG) protects two-dimensional or three-dimensional manifestations of an entire product or a part thereof, which result in particular from the characteristics of the lines, contours, colours, shape, surface structure or materials of the product itself or its ornamentation. The substantive requirements for design protection stipulate that the design must have novelty and individuality (Art. 4 (1) CDR, Sec. 2 (1) DesignG).

Novelty is given (Art. 5, 7 CDR, Sec. 2 (2), 5 DesignG) if no identical design has been disclosed before the filing date. The design applied for is compared with the closest previously known designs; the overall impression is decisive in the respective comparison. Disclosure presupposes that the design has been publicised, exhibited or used, but there is no disclosure if the design could not have been known to circles of experts operating in the EU (objective, relative concept of novelty).

A design has individual character (Art. 6 CDR, Sec. 2 (3) Design Act) if the overall impression that the design produces on the informed user differs from the overall impression produced by designs disclosed before the filing date. The informed user is a normative figure that stands between the average consumer and the average person skilled in the art of patent law. The informed user is familiar with designs, but has no encyclopaedic knowledge of the status of all designs. The degree of design freedom is taken into account: if it is low, even minor differences in the designs are sufficient to affirm the individual character of a design.⁴⁸ However, there are also exclusions here (Art. 8 (1) CDR, Sec. 3, 4 DesignG): If the design consists only of appearance features that are exclusively due to technical function, it does not receive protection.

Initially, the EUIPO granted the LEGO brick EU-wide design protection in accordance with the above-described provisions of the CDR in 2010. However, in the year 2016 a competitor of Lego - the Hamburg-based company Delta-Sports - objected to this protection and applied for the cancellation of the design

⁴⁸ Schramek, W., Wende, C., *VO (EG) 6/2002 Art. 5: Neuheit*, Vohwinkel, M., *Beck-Onlinekommentar Designrecht*, Munich 2024, Status: 15.08.2023, Margin nos. 4-12.

registration.⁴⁹ The competitor's application for invalidity was based on Article 8 (1) CDR. The competitor argued that the appearance of the LEGO brick derives solely from the fact that it must be possible to connect it to other LEGO bricks so that it can fulfil its function as a building and play brick. The appearance is therefore a technical solution, not an aesthetic one.

4.2. Court cases

As long as courts⁵⁰ have answered the above posed question in favour of the technical solution, they enabled other companies to also manufacture and sell clamping components – thus providing their products at a lower price as Lego does. With a different legal solution other suppliers may now no longer be able to manufacture their products in the classic form due to the protectable design of the Lego bricks. The economical importance of this legal question therefore lies in the possibility to prevent monopolies and to claim market shares. The EUIPO initially rejected the invalidity application, but the competitor successfully lodged an appeal and the EUIPO confirmed the technical function of the brick. Subsequently in 2019 the Board of Appeal of the EUIPO declared the protection of the design invalid.⁵¹ The Office stated that it had based its decision on the argument that all of the features of the stone were exclusively due to its technical function. According to Art. 8 (1) EDR there is no protection for designs that represent the only possible form of connection between the product and another product. Lego, considering the importance of the question, fought against this decision and brought an action against the EUIPO before the General Court, which led to the court decision T-515/19.⁵² The General Court stated in its judgement that the EUIPO had overlooked certain features of the brick, especially as the subject matter of the proceedings was not the typical thick Lego brick that first comes to mind, but a flat brick with a row of four studs in the centre of the top and two smooth surfaces next to the row of studs. The court criticised that the EUIPO did not take these smooth surfaces into account when examining Art. 8 (1) CDR.⁵³ According to the General Court, these surfaces do not exist for technical but for aesthetic reasons. Therefore, the EUIPO also should have analysed these specific features and should have

⁴⁹ EUIPO, decision of 10 April 2019, (R 31/2018-3), GRUR-RS 2019, p. 53946, Margin no. 2.

⁵⁰ See further: Hartwig, H., *Die Rechtsprechung zum Designrecht in den Jahren 2020 und 2021 (Teil I)*, GRUR 2022, p. 1273; 1276.

⁵¹ For the text of the decision see: EUIPO, decision of 10 April 2019, (R 31/2018-3), GRUR-RS 2019, p. 53946.

⁵² ECLI:EU:T:2021:155.

⁵³ Jestaedt, D., *Der Schutz modularer Systeme nach der GGV - Anmerkungen zur Entscheidung EuG T-515/19 – LEGO*, GRUR 2021, p. 830.

rejected the application of invalidity, if at least one of them does not exclusively serve a technical function. Furthermore, the contested brick should have been analysed if its features were not solely of a technical nature, but if they contained also so-called connecting features. Under a connecting feature the court understands features that must have a certain shape in order to be mechanically connected to other products. In accordance with Art. 8 (2) CDR these design features are also denied protection. However, there is a further exception for those features. According to this exception, new and unique connecting features may be protectable if they are interchangeable products within a modular system. Although this exception is obviously the case concerning Lego bricks, the EUIPO only examined the application under Art. 8 (1) CDR without examining the possible existence of connecting elements or the exception to this rule. Based on these arguments the General Court annulled the EUIPO's decision and referred it back for re-examination, specifically with the task to consider the smooth surfaces of the Lego brick and the exception for connecting elements.

The Board of Appeal of the EUIPO in reassessing this legal question relied on the provision that regulates an exception: According to Art. 8 (3) CDR, designs that are connecting elements and therefore in principle not subject to protection according to Art. 8 (2) CDR can exceptionally be protected if they are part of a modular system.⁵⁴ The EUIPO came to the conclusion that Lego bricks are part of a modular system and are therefore worthy of protection.

Therefore, the key question for Lego here is the same as in trade mark law and patent law: Here too, the court and the EUIPO had to ask whether the appearance of a Lego brick is of a purely technical nature. That this argument is accepted more cautiously in the case of design is due to the fact that design is very often functional. Therefore, a less strict approach is taken here than in trade mark law and the protectability is regularly affirmed. This applies in particular to features that must necessarily be copied so that assembly with another product is possible (Art. 8 (2) CDR, Sec. 3 (1) No. 2 Design Act). This is the so called "must fit" clause, that is very significant for spare parts: Car spare parts are therefore not protectable via design protection⁵⁵. Such parts are not excluded from protection per se, but the use and offering of these parts for repair purposes cannot be prevented: a corresponding amendment to the CDR has not yet been enacted, but in the meantime an equal regulation is established in Art. 110 No. 1 CDR.⁵⁶

⁵⁴ Geier, A., *Rein funktionale Merkmale eines modularen Systems sind schutzfähig – Lego*, GRUR-Prax 2021, p. 232.

⁵⁵ Kur, A., *Ersatzteelfreiheit zwischen Marken- und Designrecht*, GRUR 2016, p. 21.

⁵⁶ Hartwig, *op. cit.* note 50, p. 1273; 1276.

However, the legislator has provided a counter-exception to the must-fit clause, namely for component systems. For these, protection as a design is possible if they fulfil the requirements of Sec. 3 (2) DesignG. The definition in Sec. 3 (1) No. 2 of the Design Act describes the LEGO principle quite precisely, which is why it is also referred to as the "Lego clause". Of course, the studs of the Lego bricks are designed in such a way that only identical fitting pieces can be joined together, so the dimensions must also be designed in such a way that they fit. LEGO bricks are "must-fit parts" in this respect. The legislator was of the opinion that there is no need for such stand-alone modular systems to be kept free. Rather, systems should be able to be combined with each other so to make interoperability possible. However, the combination of different systems from different manufacturers would be prevented if a manufacturer could protect its connectors through design protection and thus achieve a virtual monopoly.⁵⁷

The distinction between Sec. 3 (1) no. 2 (no protection) and Sec. 3 (2) DesignG (protection) appears very confusing at first glance. It becomes more understandable when one considers the underlying meaning and purpose of the regulation. In the case of spare parts not eligible for protection under Art. 8 (1), (2), Art. 110 (1) CDR, Sec. 3 (1) No. 2 DesignG, the replacement and assembly of these parts are an exceptional case, such as accidents and repairs. In contrast, the consumer should have a free choice concerning modular system and not be subject to the monopoly of individual manufacturers, which is then also reflected in the prices. In the case of connectors for kitchen appliances, but also for game pieces and building bricks, the connectors are designed for assembly. Against this background, it is therefore reasonable for the consumer to opt for a specific modular system and the manufacturer should then also have protection for its connectors in order to be able to retain customers and amortise its development costs.

The General Court evaluated this question in its judgement T-537/22.⁵⁸ The court argued that a design is only not worthy of protection because of its function as a connecting element if all the design features serve the purpose of connecting the product with another product. In other words, there can be no protection if the form follows completely the function. With regard to the Lego brick the court came to the conclusion that its form does not follow completely its function because of one feature: the clamping brick features one smooth surface that does not serve the purpose of connection. In this case, it is the uselessness of a design

⁵⁷ *Ibid.*, p. 1273; Thiele, C., VO (EG) 6/2002 Art. 8: *Durch ihre technische Funktion bedingte Geschmacksmuster und Geschmacksmuster von Verbindungselementen*, Vohwinkel, M., *Beck-Onlinekommentar Designrecht*, Munich 2024, Status: 15.02.2024, Margin nos. 23-27.

⁵⁸ ECLI:EU:T:2024:22.

element that justifies the protection of the entire brick. In addition, the General Court joined the argumentation of the EUIPO concerning the fact that the exception of Art. 8 (3) applies here as the building block is part of a modular system.⁵⁹

5. CONCLUSION

In the introduction the following questions were raised: Can it be deduced from these aforementioned observations that intellectual property law takes economic contexts into account to a particularly high degree and can it be further deduced that the application of intellectual property law results in effective and profitable solutions for economic practice, both at national and EU level?

Design and trade mark lawyers Katja Middelhoff⁶⁰ and Amelie Sulovsky-Lehr⁶¹, who were both not involved in the aforementioned proceedings, consider especially the last mentioned judgement of 24 January 2024 (T-537/22)⁶² to be a ground-breaking addition to the case law, which "fundamentally strengthens the position of design owners on the market".⁶³ It is to be expected that Lego will now increasingly try to push perceived imitators of its products out of the market. However, the current judgement only relates to a specific brick, not to all Lego bricks. In particular, the question of the protection of the classic, two-row bricks is not affected by this last judgement.

From a legal point of view, the same questions, for which patent law, trade mark law and design law each have their own solutions, arise repeatedly. It should always be borne in mind that these property rights are intended to create a fair balance of interests between companies and their competitors, but also towards the consumer. This explains why individual issues - as seen in the case of trademarks and designs - are resolved differently by different intellectual property rights. Although the individual intellectual property rights were not originally supposed to be combined in this way, the case law concerning the Lego brick demonstrates: the individual IP rights can be cleverly interlinked by companies in order to achieve maximum protection for a product. EU-wide

⁵⁹ Sulovsky-Lehr, A., *LEGO-Baustein durch „LEGO-Klausel“ weiter als Gemeinschaftsgeschmacksmuster geschützt*, GRUR-Prax 2024, p. 168.

⁶⁰ Redaktion, *EuG zur Eigenart des Lego-Bausteins: Der Schutz des Nutzlosen*, Legal Tribune Online, 24 January 2024, https://www.lto.de/persistent/a_id/53714/, 2 April, 2024.

⁶¹ Sulovsky-Lehr, *op. cit.* note 59, p. 168.

⁶² ECLI:EU:T:2024:22.

⁶³ Redaktion, *op. cit.* note 60, https://www.lto.de/persistent/a_id/53714/, 2 April, 2024.

advanced harmonisation is a major advantage for companies that operate skilfully. Laws, standards and court decisions can be used like bricks in a modular system in which through combination of the single components the best possible protection can be achieved for the company's corporate values.

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